SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)
(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai - 600 044.
M.Com. - END SEMESTER EXAMINATIONS - NOV'2024
SEMESTER - II
23PCOCT2005 - Accounting for Decision Making

Total Duration : 2 Hrs. 30 Mins. Total Marks : 60

Section B

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. Explain the objectives of Management Accounting.

2. Big Ltd., and Small Ltd. furnish you the following balance sheets.

Liabilities	Big Ltd.,	Small Ltd.,	Assets	Big Ltd.,	Small Ltd.,
Share Capital	50,00,000	25,000	Fixed Assets	60,00,000	10,000
Reserves	5,00,000	20,000	Inventories	25,00,000	5,000
Term Loans	20,00,000	—	Debtors	10,00,000	20,000
Current Liabilities	25,00,000	5,000	Cash	5,00,000	15,000
	1,00,00,000	50,000		1,00,00,000	50,000

Prepare a comparative balance sheet from the above information.

3. A manufacturing concern requires a statement showing the result of its production operations for September 2017. Cost records give the following information

	Rs.		Rs.
Purchase of Raw Materials	88,000	Direct Wages	70,000
Indirect Wages	2,500	Works expenses	37,000
Administrative expenses	13,000	Sale of factory scrap	2,000
Selling & Distribution expenses	15,000	Sales	2,84,000

4. M/s Joint Products Limited Processing Material X produces four joint products A, B, C and D. Cost per tonne of X processed is as under

   Material Cost Rs.1,350 and Labour and other overhead cost Rs.900

   The joint products yielded were 540 kg of A, 180 kg of B, 118 kg of C and 62 kg of D, the rest being normal wastage. Apportion the total costs of X to each one of the joint products.

5. From the following particulars find out the selling price per unit if BEP is to be brought down to 4,000 units.
   Variable cost per unit – Rs.60; Fixed assets – Rs.2,00,000; Selling price per unit – Rs.100

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6. Compute the pay out from the data provided by the equipment Leasing Company. Also ascertain its retained earnings ratio

Net Profit	80,000	Provision for Tax	40,000
Preference Dividend	10,000	No. of equity shares	30,000
Dividend per equity share	0.45		

7. Sales – Rs.1,00,000 ; Profit – Rs.10,000; Variable Cost – 70%
   Find out
   a. Profit Volume Ratio
   b. Fixed Cost
   c. Sales to earn a profit of Rs.40,000
8. In Process A, 100 units costing Rs.1,000 were introduced. The other expenditure incurred by the process was Rs.602. Of the units introduced 10% are normally lost in the course of manufacture and they possess a scrap value of Rs.3 each. The output of Process A was only 75 units. Prepare Process A account and Abnormal loss account.

Section C

I - Answer any **TWO** questions $(2 \times 10 = 20$ Marks)

9. Describe the advantages and limitations of management accounting.
10. From the following profit and loss account and balance sheet of Gopal Industries. Prepare a comparative income statement and comparative balance sheet.

Profit and Loss account

Particulars	1992	1993	Particulars	1992	1993
To cost of goods sold	500	640	By Sales	700	900
To operating expenses					
Administrative	20	20			
Selling	30	40			
To net Profit	150	200			
	700	900		700	900

Balance Sheet as on 31st December

Liabilities	1992	1993	Assets	1992	1993
Bills Payable	50	75	Cash	50	70
Tax Payable	100	150	Debtors	300	450
Creditors	150	200	Stock	100	200
Debentures	100	150	Land	100	120
Preference Share Capital	300	300	Buildings	200	180
Equity Share Capital	200	200	Machinery	250	225
Reserves	200	250	Furniture	100	80
	1,100	1,325		1,100	1,325

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11. Mr.Gopal furnishes the following data relating to the manufacture of a standard product during the month of April 2020

Raw Materials consumed	Rs.15,000	Direct Labour charges	Rs.9,000
Machine hours worked	900	Machine hour rate	Rs.5

Administrative overheads 20% on works on cost
Selling overheads Re.0.50 per unit
Units produced 17,100 units Units sold 16,000 @ Rs.4 per unit

You are required to prepare a cost sheet from the above showing:
a) The cost per unit b) Profit per unit sold and profit for the period.

12. A product passes through two distinct process A and B and then to finished stock. The normal wastage of each process is as follows:
Process A – 3% of units entering the process
Process B – 5% of units entering the process
Wastage of Process A was sold at Re.0.50 per unit and that of Process B at Rs.Re.1 per unit. 10,000 units were introduced into Process A at a cost of Rs.2 per unit.
The other expenses were as follows

Particulars	**Process A (Rs.)**	**Process B (Rs.)**
Sundry Materials	2,000	3,000
Wages	10,000	16,000
Overhead expenses	2,100	2,375
Actual Output	9,500 units	9,100 units

Prepare Process accounts.

II - Compulsory question $(1 \times 10 = 10$ Marks)

13. Assuming the cost structure and selling prices remain the same in period I and II. Find out
a. Profit Volume ratio
b. Fixed cost
c. Break-even point
d. Profit when sales are Rs.1,00,000
e. Margin of Safety at a profit of Rs.15,000 and
f. Variable Cost in period II

Period	**Sales (Rs.)**	**Profit (Rs.)**
I	1,20,000	9,000
II	1,40,000	13,000

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